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15 FEB 1963

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MEMORANDUM FOR: Deputy Comptroller

ATTENTION : Steering Committee For
Budget and Fiscal Survey

SUBJECT : Task Group Report on WE Division

1. Attached is our initial report which outlines our findings in the WE/BF Office.

2. The initial report is primarily factual and we have included no critical judgments nor any conclusions or recommendations. The report was handled this way for the following reasons:

a. The mission of the Task Group as assigned by the Deputy Comptroller is "the accumulation of factual data concerning the activities performed, methods used on performance, and statistical data relating thereto, including manpower available, volume and value of transactions handled, etc."

b. Each Office visited thus far has expressed a desire to see the report of the Task Group. The Task Group is sympathetic to this request. It is felt that a factual summary of findings such as the attached can be disseminated to the Division without adversely affecting the future course of the survey.

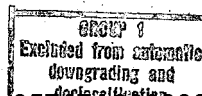
3. It is the intention of the Task Group that the attached report will serve as the factual basis for a comprehensive report on WE Division BF Office, to be prepared at the conclusion of the survey. This report will highlight deviations from Agency regulations, handbooks and established practice and will contain our critical judgments of significant points and recommendations relating thereto.

DISTRIBUTION:

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Chairman, Task Group

TAS [redacted] /jsh (15 February 1963)

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Report of Comptroller Task Group Fact Finding Survey
of Western Europe Division - Budget and Fiscal Office

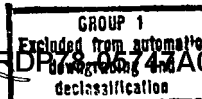
16 to 22 January 1963

1. Organization and Personnel

A. The responsibilities and functions of the WE/BF Office are distributed on a geographic basis. There are six people in the Office. No person performs a solely functional job. The structure is designed to impose on employees a comprehensive responsibility for all budgetary or fiscal matters arising within their assigned geographical area. The Office pattern was evolved because the Chief, WE/BF believes it makes the best use of assigned personnel and gives broader experience to employees.

B. The Chief, WE/BF maintains over-all supervision of Office activities, giving direction and guidance as needed. During the various budget exercises he assigns tasks within the Office, guiding and controlling the efforts to completion. He also retains primary responsibility for financial and funding matters involving Italy. Excepting the Clerk-stenographer, the remainder of the Office force is divided into two groups, each of which is assigned total geographic area responsibility for budgetary matters, the funding program and financial activities. (Tab A is an organizational chart of the WE/BF Office.) The two "Area Chiefs" perform at identical levels of responsibility. In each area group the more detailed

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and less responsible duties are performed by the assistant. (Tab B is the WE/BF table of organization showing incumbent and grade.)

25X1A C. WE Division has an average personnel strength of [REDACTED] 25X9
The total Division budget for Fiscal Year 1963 is over [REDACTED]

25X1A [REDACTED] The Division maintains [REDACTED] overseas stations, 25X1A
three of which are Class A for financial reporting. The remainder are Class B, three of which report financially to [REDACTED] 25X1A

[REDACTED] The BF Office estimates that it devotes 35% of its total man-hours to Budget matters, 40% to Fiscal matters, and 25% to General Administration. (Detailed statistics of matters influencing the work load of the WE/BF Office are provided in Tab C.)

2. Functions

The following narrative outlines the major functions performed by WE/BF and incorporates the methods, procedures, and techniques used in performing the functions.

A. Budget

(1) Formulation

a. Operational Program - The Chief of the Budget and Fiscal Section lists the Operational Program as the basic tool for the preparation of the Preliminary and Operating Budget Estimates, Office Estimates, and Congressional Estimates which are required by the Office of the Comptroller. In the initial stages of the program development, beginning in January and extending through

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March, the WE/BF Office sends to Headquarters and Field Offices memorandum instructions which are based on DDP/PG requirements. The data received from the responding offices is presented by major activity, project action category, and country on "Operational Program", Form 1706, and by organizational unit on "Summary of Funds and Personnel", Form 1550, with accompanying narrative. The WE/BF Section responsibility from here on is to review, analyze, and summarize the material received into a final Division presentation. Coordination and liaison with Division Branches on statistical data and cost estimates is extensive. The BF Section in WE does not participate in operational decisions affecting the allocation of funds nor in the preparation of the narrative portion of the program but does edit the material for statistical accuracy. Support requirements of WE Division are prepared by the WE/BF Section based on prior year experience reflected in allotment control records. The final operational program consists of a single book. Distribution is limited to the immediate area Division and DDP/PG.

b. Preliminary Estimate - The preliminary estimate is developed from data presented in the Operational Program. Since the basic data has already been assembled, the task for WE analysts is very much simplified. No extensive contact with the Branches is required and no

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further meetings are held. WE/BF prepares the required forms and explanations of changes as outlined in Budget Division instructions and forwards copies to the Budget Division through DDP/PG.

c. Office Estimate - The preparation of the Office Estimate is the most complex compilation of statistics and involves everyone in the Section, since data is for the first time presented geographically by activity and object class. At the time of this presentation, generally in late August, if figures have been changed from those in the Operational Program, BF employees must go back to Division elements for coordination of project adjustments and changes in programs. The narrative portion of the Office Estimates is written by the Division Program Officer and reviewed by the BF Section for format and statistical accuracy. Explanation of changes between fiscal years and object class are prepared by the WE/BF Office from information available in the Operational Program.

d. Congressional Estimate - The Congressional Estimate does not involve WE/BF with any substantial work load. The main activity imposed on WE/BF by the Congressional Estimate is the updating of Project Lists for Budget Division.

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(2) Execution

Responsibility for control of WE funds is in part placed on each individual in the Section since the work load is divided on a geographic basis. Each geographic unit allots to the areas under its jurisdiction, including overseas stations and Headquarters accounts. WE Division allots funds to Field Stations by project and activity. The field installation has no authority to exceed these specific allotments without prior Headquarters approval. A procurement allotment is issued Class A Stations only. The Chief of the Section maintains overall control of WE funds by requiring each unit to report to him monthly the status of funds which it controls. From this data he prepares a summary report for the Chief, WE Division, by country, for vouchered and confidential funds. Control of vouchered funds is maintained by the BF Officer. This amounts to a cursory examination and a note of the obligations reported on the monthly Status of Allotments machine run from Fiscal Division. Confidential funds allotments are adjusted, based on requests from the responsible Branch or Station but only after the BF Officer has concurred in the revisions. Financial limitations for projects are closely adhered to in WE. Procedures include a project approval system, allotment control mechanisms, and carefully prepared administrative plans and fiscal annexes.

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B. Fiscal**(1) Allotment Ledger**

a. Funds - Each geographic unit maintains a ledger for funds control using Form 619, "Fund and Requisition Authorization Control Record" for confidential funds by cost center. With few exceptions, obligations are recorded from specific documents which are filed in an unliquidated documents file. Most liquidations are effected from data shown on the monthly expenditure run and liquidated documents transferred to a separate file. Two basic series of numbers are used for funds obligations, the travel order number and the MOR series. One unit breaks the MOR series into blocks for transportation and safehouses, general, [REDACTED] -the other does not. Payroll obligations are maintained and liquidated as prescribed in [REDACTED] Chapter III, except that one Miscellaneous Obligation Record, which is assigned one sequence number, is used for all payrolls for the entire Fiscal Year. In addition each unit maintains a roster of field employees which is used to check the accuracy of payroll charges and to pinpoint necessary adjustments which are initiated by the bookkeepers.

25X1C

25X1A

[REDACTED] costs are obligated monthly on the basis of man-year data and costs supplied by Finance Division/Accounts. Obligations are adjusted and liquidated based on the quarterly [REDACTED] man-year reports from Finance Division, Accounts Branch. The Finance Division man-year

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reports are checked to the field employee rosters to insure accuracy. Total obligations and expenditures are again adjusted when the annual [REDACTED] is recorded.

25X1A

[REDACTED] are maintained in accordance with [REDACTED] Chapter III, except that obligations are recorded and adjusted quarterly instead of monthly. Liquidations are effected quarterly from the expenditure listings received from Finance Division. Travel costs are obligated and liquidated pursuant to [REDACTED] Chapter III. One unit maintains a Miscellaneous Obligation Record form for every travel order, the other unit a work sheet summarizing obligations and expenditure data for each order. Cargo costs are obligated at the end of each month from Shipping Documents, Form 291, accumulated during the month. Liquidation is from the monthly expense run without tie-in to the obligations. Approximately six months after the close of the Fiscal Year, unliquidated cargo obligations are cancelled. The monthly expenditure run is analyzed in detail and tied back to the individual obligations previously booked. Adjustments of these obligations are computed individually and a summary entry made on the ledger by cost center.

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b. Property - A single ledger for control of property requisitioning authorizations is maintained jointly by both units. Form 619, "Fund and Requisition Authorization Control Record" is used. Encumbrances are

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recorded from the tissue copy of Requisition, Form 88, received from WE/LOG. Run-off copies of Form 88 are received and filed, but not used. Copies of Shipping Documents, Form 291, are filed with the applicable form 88 when received. Items appearing on the monthly issues run are tied back to the shipping documents by cargo number and in turn identified with the line items on Form 88. If the requisition has not been completed, the correct cost from the issues run is noted by line item on the requisition. Encumbrances are adjusted when the requisition is completed. Copies of Field Station Requisitions on Stations and other Agency components are required by WE/BF in order to currently record estimates of field commitments for property. Property Requisitioning Authority is not issued to Field Stations.

c. Printing and Books and Publications - Books and Publications records are maintained entirely by WE/LOG. Control records for Printing costs are maintained by the BF secretary in accordance with [REDACTED] Chapter III. 25X1A

(2) Station Accountings

a. Class A - The accounting is reviewed for completeness, cost center numbers are supplied or corrected, and funds availability certified. The original is forwarded to Finance Division and copies of Schedule E showing other Division charges are forwarded to the appropriate BF Offices. The transmittal dispatch is reviewed and

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necessary Division action is initiated. Obligations booked for the Fiscal Year are adjusted to the current cumulative total shown on the Schedule E. Estimated obligations for the next month are transcribed from the Schedule E to the field portion of the ledger. Expenses are entered on the ledger from the monthly expenditure run..

b. Class B - Accountings are held pending arrival of the separate cover attachments. Cost center numbers are entered on the cash journal, funds availability is certified, and the complete accounting is forwarded to the Operating Branch for review. Upon return from the Branch, the original accounting and supporting documents are forwarded to the Finance Division for audit and certification. At this point WE/BF procedures differ in each area unit. Unit "A" prepares a complete recapitulation of expenses by cost center. This involves conversion of foreign currencies to U.S. Dollars. Unliquidated obligations on the Headquarters ledger are adjusted to those shown in the field transmittal dispatch and the field's estimated obligations for the next month are booked as stated. Unit "A" requires its Class B Stations to complete the reverse of Form 507, "Obligation Authority Record" in detail for each cost center and submit this form to Headquarters as of 31 December, 31 March, and 30 June. The information obtained, which is essentially

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a transcript of cash journal entries, plus unliquidated obligations, is used as an added check in the Station Funding Program. Expenses are posted to the ledger in pencil and the applicable month's obligations adjusted accordingly. When the monthly expenditure run is received, the expenses shown thereon are entered in the ledger in final and the applicable month's obligations are again adjusted since the Finance Division conversion of foreign currencies is slightly different from the BF conversion. Unit "B" posts the next month's estimated obligations from the transmittal dispatch to the ledger and adjusts existing obligations for the accounting month from the copy of the reconciliation received from Finance Division/O&L. Expenditures are posted from the monthly expenditure run. In the case of stations reporting to [REDACTED] the next month's estimated obligations are posted to the ledger from a copy of the transmittal dispatch. Expenditures are posted from the [REDACTED] expense T/A. Unliquidated obligations are adjusted to those shown on the transmittal dispatches.

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(3) Advances and Advance Account Control

a. Requests for Advances - Forms are prepared almost entirely by the requesting component and approved by the Chief, WE [REDACTED] When received in BF, they are reviewed for completeness and necessity and funds availability certified. BF records are checked to see if the advancee

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is delinquent in accounting for some other advance. If so, the matter is referred to Chief, WE/Support for decision.

b. Controls - One BF employee is the designated Control Officer for advance accounts. He receives the daily advance statements of active accounts and distributes them to the BF employees having area jurisdiction. Delinquent notices and statements of accounts about to become delinquent are referred to the Chief, WE/BF who forwards the forms and notices to the appropriate Branch Chief requesting immediate action. If the matter is not resolved within a week, a written follow-up is addressed to the Branch Chief. Statements of active accounts are maintained in a master file and all actions taken are recorded in note form thereon.

(4) Travel

a. Orders - Travel Order Work Sheets for all prospective travel orders are reviewed for completeness, comprehensiveness, and compliance with regulations. The total cost is estimated and inserted by the BF Office. The Chief of Support is requesting officer and the Chief or Deputy Chief/WE are authorizing officers for all travel. Foreign TDY and PCS orders are typed in WE/Personnel. Domestic TDY orders are typed by the BF secretary. All types of orders are reviewed by the BF Office,

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numbered, and funds availability certified. A copy is withheld at this time and estimated Headquarters expenses obligated.

b. Accountings -- BF employees assist travelers in preparing drafts of PCS and complicated TDY accountings. Many of these are prepared completely by the BF Office. Typing of PCS accountings is split 50/50 between the BF Office and the Branches; most other travel accountings are typed in the Branches. BF employees perform a detailed audit and review of each travel accounting before it is forwarded to Finance Division.

(5) Other Accountings

Employee operational expense, agent expense, project and all other types of accountings are almost completely prepared and typed in the Branches. The Chief, WE/Support is an authorized approving officer for all types of accountings, operational as well as administrative. These accountings are subjected to a detailed audit and review by WE/BF prior to submission to Finance Division. The BF Office prepares and types approximately half of the claims for Home Service Transfer Allowances.

(6) Audit Reports

The BF Office coordinates replies to audit reports to insure that all necessary action is taken and that the Audit Staff is so informed. In addition memorandum replies to representation allowance reports are prepared in the BF Office for the signature of the Division Chief.

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(7) Briefings

BF Office personnel schedule and occasionally attend Finance Division/O&L agent briefings. The BF Office briefs outgoing Chiefs of Stations and administrative personnel assigned to Class B Stations concerning Division budget and allotment control matters. Prospective travelers [REDACTED] are also briefed as required.

(8) Projects

Project actions are reviewed by WE/BF prior to approval. This review includes a determination as to whether funds have been programmed and of the need for a fiscal annex or administrative plan. If funds have not been programmed, the country program is reviewed with Branch officials to locate funds which may be diverted to the project in question. The BF Office prepares the initial drafts of fiscal annexes and administrative plans and is responsible for preparation and coordination of the final document..

C. General Administration

Dispatches, cables, and memoranda are prepared by each analyst for matters concerning the countries and stations for which he is responsible. Correspondence is heaviest with Class B Stations and the Finance Division and in general, deals with accountings, obligations, and allotments. The Chief of the Section prepares all other.

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correspondence which is generally for signature of WE Support and Operational personnel or the Division Chief. Typing of travel orders, vouchers, accountings, and budget material is performed by the secretary for the BF Section. In addition she logs all incoming and outgoing mail including cables, dispatches, T/A's and station accountings. She maintains files for WE projects segregated by country including a separate folder for all station correspondence. Files are maintained for property requisitions, shipping documents, miscellaneous obligation records (for two of the bookkeepers), and liquidated-unliquidated travel document folder for each year. Miscellaneous files include WE memoranda, Comptroller instruction, BOB notices, and Financial Handbook series.

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TAB C

STATISTICAL SUMMARY - WEObligations

Obligation Documents (Annual)	1,179
Ledger Entries (Annual)	11,331

Cost Centers

FY 1963 Cost Centers	186
FY 1962 Cost Centers	213
FY 1962 Cost Centers Under \$2,000	41

Advances

Employee Travel	127
Employee Other	62

Other	8
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Accountings and Claims

Travel Vouchers	152
Operational Expenses	88
Project	38
Write-offs	2
Loss or Damage	--
T/A's	8
Audit Differences	11
Other	108

Station Accountings

Class A	2
Class B	8
B's Reporting	1
	3

(a)

(b)

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TAB C

(c) Admin. Plans	24
Fiscal Annexes	23
Without Either	129

Correspondence - Out

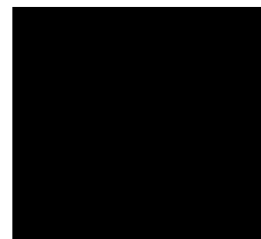
Dispatches	
Cables	663
Memos	35
	117

General

Briefings	16
Audit Reports	14
Travel Orders	370
Payroll Cards	NA
T/A's	NA
Property Requisitions	458
Printing Requisitions	160
Book Requisitions	NA
Overtime (Paid and Unpaid)	216

Budget Expenditures FY '62

Vouchered
 Unvouchered
 Total:
 Personnel on Duty:
 Departmental
 Overseas



25X1A

Reports Prepared by WE

(FD)	SOR
(DDP)	Funds and Property DDP/PG
(DDP)	Status of Funds (Internal)
(Compt)	Balance of Payment - Gold
(DDP)	USIB Report FI Categories
(DDP)	Reprogramming Schedule
(BD)	5% and 15% Review (One time)
(BD)	Operational Program
(BD)	Operating Budget
(BD)	Office Estimates
(BD)	Congressional Budget
(Compt)	Lapsed Appropriations
(DCI)	Representation Allowances
(FD)	Personnel Serviced by Field Stations

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